

Date October 19, 2020

RESOLUTION APPROVING PRELIMINARY TERMS OF AN URBAN RENEWAL DEVELOPMENT AGREEMENT WITH 13TH & MULBERRY, LLC (JOSH ABERSON, BYRON SCHAFERSMAN AND TIM RYPMA) FOR THE HISTORIC RENOVATION OF EXISTING ONE-STORY COMMERCIAL BUILDING AT 213 13TH STREET AND CONSTRUCTION OF FIVE-STORY MIXED-USE BUILDING ON ADJACENT LOT NORTHWEST OF 13TH AND MULBERRY

WHEREAS, 13th & Mulberry, LLC (“Developer”), represented by Josh Aberson of Green Acre Real Estate, Byron Schafersman of Lloyd Companies, and Tim Rypma of Rypma Properties, Owners and Developers, proposes to undertake a historic renovation of the existing one-story, approximately 15,000 square-foot building located at 213 13th Street for commercial office uses with approximately 30 underground parking spaces in the project’s first phase, and construction of a new mixed-use building located on the adjacent lot to the west of 13th Street with a minimum of five stories, 80 apartment units, and 3,000 square feet of commercial retail space in the project’s second phase (collectively “Improvements”) in the Metro Center Urban Renewal Area, at an estimated total project cost of \$22,700,000.00, subject to receipt of the financial assistance identified below and State and Federal Historic Tax Credits being sought by the Developer; and

WHEREAS, the existing Iowa Ford Tractor Company building was originally constructed in 1949, and the Developer is working with the State Historic Preservation Office (SHPO) on design requirements and intends to undertake the renovation consistent with the Secretary of the Interior’s Standards and Guidelines for Historic Rehabilitation; and

WHEREAS, the City’s Office of Economic Development has negotiated preliminary terms of an Urban Renewal Development Agreement with the Developer, all as more specifically described in the accompanying Council Communication, which provide that in consideration of the Developer’s commencement and completion of the Improvements, the City will provide an economic development grant for 15 years for each phase of the project from the tax increment generated by the Improvements, and in lieu of tax abatement for the second phase, as follows:

- Phase 1: Contingent on commencement and completion of construction of the second phase mixed-use building; in the amount of ninety-five percent (95%) of project-generated TIF in project years 1-5, eighty-five percent (85%) in project years 6-10, and eighty-percent (80%) in project years 11-15, in an estimated total amount of \$1,100,000.00 (on a cash basis; \$703,000.00 on a net present value basis at a 4.5 % discount rate)
- Phase 2: In the amount of one-hundred percent (100%) of project-generated TIF in project years 1-10 and seventy-five percent (75%) in project years 11-15, in an estimated total amount of \$4,100,000.00 (on a cash basis; \$2,700,000.00 on a net present value basis at a 4.5% discount rate); and

WHEREAS, the Developer has agreed as preliminary terms of Agreement to preserve a minimum of ten percent (10%) of the apartment units built in the second phase of the project to be

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capped at the sixty-five percent (65%) HOME rent limits and restricted to households earning eighty percent (80%) or less of the area median income, in addition to participation in and compliance with MidAmerican Energy's Commercial New Construction Energy Efficiency Program for both phases of the project.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that the preliminary terms of agreement with 13th & Mulberry, LLC, as described above and in the accompanying Council Communication, are hereby received and filed, and the City Manager is hereby directed to proceed with negotiation of a development agreement with the Developer on final terms of an Urban Renewal Development Agreement consistent with the preliminary terms for consideration for approval by the City Council.

(Council Comm. No. 20-461)

MOVED BY _____ TO ADOPT.

APPROVED AS TO FORM:

/s/ Glenna K. Frank
Glenna K. Frank, Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
BOESEN				
COWNIE				
GATTO				
GRAY				
MANDELBAUM				
VOSS				
WESTERGAARD				
TOTAL				
MOTION CARRIED	APPROVED			

CERTIFICATE

I, P. KAY CMELIK, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

Mayor

City Clerk